

// Market Report for the week ending 19th November, 1954.
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After steadily advancing all the week, Singapore has broken sharply today, following an easire tendency in London and New York yesterday. We still adhere to our opinion, expressed many times before, however, that tin is reasonably priced around present levels and is likely to remain around these values with comparatively minor fluctuations.

There has been more movement recently, due largely to the operations of the New York dealers in "switch sterling" transactions via Europe. They appear to have been using the London market for hedging purposes, though the advance over the last few days can be attributed to an Argentine order for 500 tons, which has now been taken by a New York dealer. As soon as the enquiry reached the market, there was buying in anticipation, and this pushed prices up. The reaction started in New York yesterday, when after buying earlier in the day, dealers came out as sellers and the market closed weak.

Continental demand continues at a steady rate and we see no reason to anticipate any serious break in price for the time being.

Shipments from Malaya during the 1st half November totalled 2180 tons, of which 1135 tons went to U.K. and Continent, against only 586 tons to America. This in itself is sufficient evidence of the increasing currency manipulations. //

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Market Report for week ending 12th November, 1954.

The drift to lower prices continued earlier in the week, culminating in a sharp break in Singapore of some £10 per ton on "Wednesday". This reaction was long overdue and was brought about largely by persistent price cutting in New York, possibly in connection with currency manipulations, which in turn encouraged some "bear" selling in London. The fall, however, was not so severe in London, and indeed New York is by far the cheapest market at the present time, and London the most expensive.

As usually happens at times like these, the fall was overdone. There was a recovery yesterday, which has been continued today in Singapore. There was improved demand on the fall, and any really sustained break in values seems unlikely at present.

There is much talk of surplus production in the press and elsewhere, which can be misleading. Whilst all agree that if production is maintained at its present level, and the American long term contracts with producers are concluded, together with all purchases for the U.S.A. stockpile, then there will be a heavy surplus. But, this cannot possibly come about before next March, until when something like 50% of Indonesian and Bolivian production is going to America, and does not come into the market for sale at all. True, Malayan production is up a little, but not enough to have any major effect on the current position. Where is this much talked of surplus? Stocks in London, New York, and at smelters are no more than normal in any market and how, if there is a surplus, can a backwardation be maintained in London and a premium of fully 25 per lb. prevail in New York for "spot" tin?

Furthermore it seems unlikely that American consumers can be covered far ahead. During recent weeks some tinsplate makers have bought appreciable tonnages of "spot" tin - a thing they never normally do, and certainly would not do if their stocks were adequate. Continental demand too is well maintained and we still feel that tin prices will be maintained around present levels, with comparatively minor fluctuations, for some months yet.

Market Report for the week ending 5th November, 1954.

With consumers buying little beyond their immediate requirements, and dealers reluctant to add to their stocks, prices have drifted lower. The easier tendency has been most pronounced in New York, where values have been quoted daily well below Singapore parity. Trading there has been confined almost entirely to dealers, with consumers showing little interest. The tinsplaters apparently have been out of the market, except, surprisingly enough, for a moderate business in spot and nearby earlier in the week. It would seem that inventories have been reduced considerably over recent months, and there may be more enquiry before the end of the year.

We have found a steady Continental demand, at fair prices, well above values obtainable in America for equivalent deliveries.

Sales in Singapore are thought to be well up to average, and it has been possible recently to sell Standard Tin on the London Metal Exchange at only a small discount on the cost of actually delivering Straits. Such a relationship between the two markets has previously been unusual and gives rise to the question as to whether Straits is too low or Standard too high in price. In so much as sale of Straits Tin invariably represents a transaction in physical metal, whereas one in Standard may be a hedging or speculative operation, it is probably more likely that Standard Tin is too high, and any adjustment in relative values is more likely to emanate from the London Metal Exchange than from Singapore.

Shipments from Malaya during October were as follows:-

	<u>October</u>	<u>September</u>	<u>August</u>
U.S.A.	3845	3901	3570
U.K.	227	497	162
Europe.	809	1238	1085
Other			
Destinations.	<u>1283</u>	<u>1202</u>	<u>1162</u>
	<u>6139</u>	<u>6320</u>	<u>5965</u>

Market Report for the week ending 29th October, 1954.

The market remains dull and featureless. Comparatively small day to day fluctuations continue, but there is no definite trend. Supplies appear to be adequate, though not excessive and dealers are mostly carrying modest stocks. It seems unlikely that we shall see any major movement before the end of the year, when the International Tin Council is due to hold its first meeting. Unless a control scheme can be put into effect quickly, there may be a period in the New Year after the Indonesian/U.S.A. contract expires, when a heavy weight of tin will be overhanging the market, but this remains to be seen.

Consumers at present are holding off. They buy a little on any fall in price, but are reluctant to follow an advance.

The U.K. dock strike has not so far interfered with supplies for home consumption, as presumably the smelters have adequate stocks at their works. Exports of English tin are held up, however, and this has stimulated some interest from the Continent in afloat parcels of Straits Tin, and to some extent accounts for the continued steadiness in Singapore.

Market Report for the week ending 22nd October, 1954.

There have been no significant developments in the tin market this week, and prices have continued to fluctuate within narrow limits.

An easier tendency in New York on Tuesday was followed by a break in Singapore the next day of 50/- per ton, but at this level Continental buyers came in, sellers in New York were reluctant and values quickly recovered. Quotations for Straits Tin in the American market are now consistently below world parity, and there can be no doubt that currency manipulations via the Continent of Europe make this possible. Such transactions are contrary to Exchange Control regulations and therefore not to be considered by the regular Straits shippers. Indeed, the shippers are not sellers at these cut prices - only New York dealers. This is a situation we have seen before and one that is bound to recur whenever the margin between transferable sterling and the official rate is sufficiently attractive.

A truck strike in New York, which threatened to interrupt deliveries of metal, has now been settled. A 25 premium on spot over January delivery persists, however.

In London too we have a backwardation again where a few days ago it looked as if a contango would develop. Yesterday there was good demand for "cash" tin from an influential buyer, encouraged possibly by the dock strike in the U.K.

Consumers have bought a little this week, particularly at any sign of weakness. They are reluctant to follow an advance, and for this reason, values are likely to hold around present levels with comparatively small fluctuation from day to day.

Shipments from Malaya during the 1st half of October were as follows:-

U.K.	97 tons
U.S.A.....	1550 tons
Europe	373 tons
Other	
destinations..	<u>562 tons</u>

2582 tons

Market Report for week ending 15th October, 1954.

Tin is the most neglected of metals. There is little movement in price to attract dealers, whose main interest at the present time is in copper, lead and zinc. Consumers too are holding off, presumably hoping for lower prices. The market, in consequence, continues to fluctuate within narrow limits.

We still see no reason, however, to alter the opinion, expressed in earlier reports, that fundamentally the market is sound, and we can see no appreciable fall in values at least for the remainder of this year. What may happen in 1955, when R.F.O.'s long term contracts with producers are completed is another matter. So many developments could take place in the interval that any forecast would be of little value. We venture to suggest, however, that the surplus production may not be as great as some have predicted, and could be largely absorbed by the Buffer Stock, assuming the International Agreement is brought into effect early in 1955, in which case no burdensome surplus would overhang the market next year. Another important factor on which we have no reliable information is the future of the Texas smelter. It seems to us by no means certain that production there will cease next year. Should the American Government decide that it be kept in operation for strategic reasons, ores will presumably be acquired under similar arrangements to those already in force with Bolivia and Indonesia, and the metal produced "insulated" with stockpile material, as at present.

All this is, of course, pure conjecture, at this stage, but assuming there is no major setback in world trade and industry - and indications if anything are to the contrary - then, there would seem to be no reason to anticipate any major fall in tin for some months to come - indeed a higher level would not be surprising.

In London this week, moderate selling has been well absorbed. There is a small backwardation from 10/- to £1 for 3 months, but stocks in warehouse are adequate and the dock strike has had no effect so far.

The Singapore market remains remarkably steady. To the best of our knowledge, sales were up to average and the smelters have no difficulty in disposing of their daily intake.

Prices quoted in New York are below Eastern parity and it is possible that transactions in transferable sterling via the Continent are responsible. There is a difference in the transferable and official rates of over 6 points, at which margin such operations are obviously attractive. Forward deliveries have in the main been neglected, although we have found consumers showing interest below 93 s per lb. (equivalent to say £757 Cif European ports). There is a steady demand for spot by the smaller consumers and premiums of 1 to 2 s per lb. have been paid. The larger tinplate makers appear to be reasonably well covered, though they probably still have some

Market Report for week ending 8th October, 1954.

The U.K. Smelters appear to have finished selling for the time being, against recent ore intake, and London has improved to some extent, though possibly not as much as it was thought it might.

The East broke sharply last week end, and though it has since recovered, consumers have shown little interest. Dealers cannot continue adding to their stocks indefinitely, and for this reason, no advance can be sustained, until consumers start buying. On the other hand, we can see no real fall in values for the time being. On any decline, dealers are ready buyers, and consumers too begin to show interest. We doubt if they can be covered far ahead and therefore cannot see any marked change in values in the immediate future. Assuming there are no other outside conflicting developments, uncertain markets seem likely to continue, fluctuating within comparatively narrow limits around present levels.

A sudden dock strike in New York earlier in the week was quickly settled. The premium on spot rose to nearly 2 ¢ per lb at one time, but there was little business done, and values soon returned to normal.

A small backwardation has developed again in London, but it is too early to say whether this is likely to continue. There is some demand for November dates, although "cash" and October position are easier.

Market Report for the week ending 1st October, 1954.

The Tin market remains dull, with copper stealing most of the limelight for the time being.

Prices have eased steadily recently, and Singapore is today £8 lower than a week ago, with a similar decline in London values. Persistent selling by the U.K. Smelters on the London market has caused buyers, consumers and dealers alike, to hold off and this of course, has had its effect in other markets. New York, however has shown a better tone than for some time past, and consumers there are beginning to show more interest.

Fundamentally there is nothing wrong with Tin, and we do not anticipate any major break in price. The immediate trend depends upon the smelters in London. Once they have finished selling against recent intake of ore, some recovery can be expected. The additional tonnages of "cash" and nearby Tin they have made available has eased the position for October, and there is now virtually a small contango for 3 months. In New York, on the other hand, demand has centred mainly on the earlier deliveries and a premium of $\frac{1}{8}$ per lb. is being paid for October.

Shipments from Malaya during September totalled 6,820 tons as follows, compared with 5,985 tons in August and 6,613 tons in July:-

	<u>September.</u>	<u>August.</u>	<u>July.</u>
U.S.A.	3,901	3,570	4,173
U.K.	479	162	577
Europe	1,238	1,085	507.
Other destinations	<u>1,202</u>	<u>1,168</u>	<u>1,356</u>
	<u>6,820 tons</u>	<u>5,985 tons</u>	<u>6,613 tons.</u>
